VOL 18 No 10 OCTOBER 1988

SURVEY of Current Affairs

Government and Administration

Criminal Justice 331

Terrorist Finances 331

External Affairs and Defence

British Foreign Policy 333

European Community 335

Shorter Notes

Education Links with the Soviet Union 340; Aid for Bangladesh 340; Aid to China 341; Zimbabwe and Malawi 341

Economic and Scientific Affairs

Training 342

Building Consultancy Overseas 343

Science Policy: Prime Minister's Speech at the Royal Society 346

Shorter Notes

ECU Treasury Bills 347; Kuwait and British Petroleum 347; Industrial Development Act Report 348; Offshore Supplies Industry 348; Companies House 349; Professional and Executive Recruitment 349

Social and Cultural Affairs

Environmental Pollution 350

Shorter Notes

Enterprise and Education Initiative 351; New International Award Association 352

Documentation 353

Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscriptions including postage and index £24

The *Survey of Current Affairs* is produced primarily for use overseas, but in response to requests has also been made available in Britain. Subscription and distribution inquiries should be addressed to HMSO Books, P.O. Box 276, London SW8 5DT, and editorial inquiries to Reference Services, Central Office of Information, Hercules Road, Westminster Bridge Road, London SE1 7DU. Although the material is Crown Copyright, it may be reproduced without special permission.
Other documents produced by Reference Services, if not on sale through Her Majesty's Stationery Office, may be obtained direct from the Overseas Distribution Unit, Central Office of Information, at the above address on payment of a small charge.

NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

Criminal Justice

Increased maximum penalties to help the courts deal with serious crime are among the provisions of the Criminal Justice Act 1988 which came into force on 29 September.

The Criminal Justice Bill was originally given a second reading in November 1986, but, with the exception of the provisions on serious fraud (see p 190, 1987), did not pass into law because of the 1987 general election. A revised Bill was given a second reading in January 1988 (see pp 39-40) and received the Royal Assent in May.

Main Provisions

The maximum penalty for possession of a firearm with criminal intent is being increased from 14 years' imprisonment to life, and the maximum penalty for possessing a shotgun without a certificate is being raised from six months' imprisonment to three years' (see p 6). For cruelty to children the maximum penalty increases from two years in prison to ten years (see pp 39-40). The Act has also dealt with the offence of insider trading (see p 68, 1987) and corruption: the maximum penalty rises from two years' imprisonment to seven years'.

There are also new offences regarding child pornography; the Act makes it an offence for a person to have an indecent photograph of a child in his or her possession without a legitimate reason and the maximum sentence is a fine of £2,000.

The carrying of knives in a public place without good reason or lawful authority is now unlawful. The Act places the onus on a knife carrier to show that he or she has a good reason for possessing it in public. It abolishes the provision under which the police had to show intent on the part of the carrier to cause injury. It is, however, a defence for a person to prove that he or she had the article for use at work, for religious reasons or as part of any national costume.

The penalty for the manufacture or sale of flick or gravity knives is being raised from six months' imprisonment and a fine of £1,000 to six months' and a fine of £2,000.

Further provisions of the Act coming into force concern rape. The anonymity for rape victims is to be extended; it will now begin as soon as the offence is reported, whereas under previous legislation anonymity began from the time someone was charged with the crime. The Act abolishes the right to anonymity of a person accused of rape.

Under the Act the courts' powers to order the forfeiture of property associated with an offence is extended to all offences. The range of property that may be seized from a person convicted of an offence is widened and the courts can now combine forfeiture with probation or an absolute discharge.

The Act also enables the British Government to ratify the United Nations Convention on Torture; ratification will take place in a few months' time. Although existing criminal law covers most acts of torture, the 1988 Act's changes create a new offence punishable with life imprisonment.

The Act increases the mandatory period of disqualification for causing death by reckless driving from twelve months to two years.

Terrorist Finances

Plans for new measures to help deprive terrorist organisations of their sources of finance were announced on 20 September by the Home Secretary, Mr Douglas Hurd.

Addressing an audience of police superintendents in Blackpool, Mr Hurd said that the recent upsurge in violence in Northern Ireland (see pp 295-6), together with attacks by the Provisional IRA in Great Britain and on the Continent, had brought home once again the menace of terrorism to a free and open society. While it was right for the Government to insist that police officers and soldiers should operate under the rule of law, legislators had to ensure that they had the means to do their job.

The Government, therefore, intended to introduce a new bill in the next session of Parliament which would renew existing anti-terrorist provisions, including the power to exclude known terrorists from the United Kingdom and the power to arrest on reasonable suspicion of involvement in terrorist acts (see pp 87-9). In addition it would seek to strike directly at the financial roots of terrorism. The annual income of the Provisional IRA (between £3 million and £4 million) and that of loyalist paramilitary organisations were derived mainly from large scale Mafia-type racketeering involving crude violence and extortion as well as superficially legitimate

money making; besides the control and exploitation of registered social clubs, there was a worrying growth of involvement in businesses such as pubs, hotels, estate agents, video clubs and taxis. The defeat of terrorism in Northern Ireland therefore required the defeat of racketeering. Attempts had also been made by other international terrorist groups to use Britain as a home for amassing, laundering and banking their funds. The Government believed that many millions of pounds had been deposited in bank accounts which would ultimately be used to fund acts of terrorism either in Britain or in other countries. 'The time has come for firm action to throttle the flow of cash to terrorist organisations.'

The Proposals

Mr Hurd said that the Government proposals were designed to:

1 outlaw the handling, moving about and holding of money and property used for terrorist offences even if that activity was going on in an otherwise 'legitimate' business. The definition of 'terrorist purposes' would be drawn widely enough to catch anyone connected with this trade of death.

2 ensure that banks and others would not be restricted by any contractual obligations from passing on to the police any suspicion about the terrorist origin or destination of money or property.

3 enable courts, once a person was convicted of one of these new offences, to confiscate any property or money handled and intended for use in terrorist acts or in connection with terrorism; the court would assume that such money would be used for terrorist purposes unless someone with an interest in it could prove otherwise.

4 allow courts to freeze any dealings in the property liable to be forfeited from the time that the person was charged.

5 give the police powers to investigate funds suspected of being the proceeds of terrorist crime or of being intended to finance terrorist activity; they would be able to seek warrants to obtain relevant material including bank records of transactions.

Conclusion

Concluding, Mr Hurd said: 'Democratic governments need to consider long and hard before proposing further measures of this kind even when dealing with the enemies of democracy. We have done so. Our conclusion is that the police and the courts must no longer lack the necessary powers to find and cut off the fuel which sustains the engines of murder.'

British Foreign Policy

The need to tackle the long-term problems of the world environment was emphasised by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech to the United Nations General Assembly on 28 September. Other issues covered in the speech included the ceasefire between Iraq and Iran, East-West relations, Afghanistan, Cambodia, Southern Africa and international crime.

World Environment

Noting that 1988 had been a year of 'unprecedented natural disaster' in Sudan, Bangladesh and other parts of the world, Sir Geoffrey said that these tragedies had been seen and felt by people in towns and cities across the globe and that the world community had responded with rarely equalled sympathy and generosity. Britain alone had contributed some £80 million to disaster relief in 1988 and the total contributed by the Western democracies was likely to have been at least ten times this amount.

These immediate natural disasters were a poignant reminder of the need to tackle a longer-term but crucial issue, namely the health of the planet as a whole. Although some of its resources were being better used for the benefit of mankind, others were leading to a progressive pollution of the land, the sea and the air. There had been disruption to natural patterns, notably damage to the ozone layer, first identified by the British Antarctic Survey in 1985, which had caused international alarm leading to agreement to limit the production of certain industrial chemicals (see pp 329-30, 1987 and p 350).

The possibility of climatic change had become a real concern. The increases predicted in global temperatures would have substantial effects within the next few decades on life and human society; even small variations would have big consequences in a crowded world. If the world's climate was damaged beyond repair, the earth would become a lifeless desert spinning in space; a problem of this magnitude could not be left to technical bodies.

Britain was among those who had pressed for a serious debate on the subject within the United Nations and had welcomed the report of the Brundtland Commission on the Environment and Development (see pp 305-9). Britain wanted to carry forward its work since the problem had to command an urgent place on the world agenda (see also p 347).

Iran-Iraq War

Sir Geoffrey said that the United Nations had broken the pattern of the past by applying the principles of its Charter to the resolution of the lengthy and bloody dispute between Iran and Iraq. Many factors had helped to foster this change – the realisation by Iran and Iraq that war to the death would mean mutual destruction, the spirit and resolve of the Secretary-General and the dedication of his staff, and the part played by the Security Council and its five permanent members. The last year had seen the development of a new co-operation among the five (Britain, France, the People's Republic of China, the Soviet Union and the United States) born of a combined determination to do all they could to bring an end to the devastation of a senseless war. That determination, coupled with the skill, patience and persistence of the Secretary-General, had culminated in the successful achievement of a ceasefire (see pp 267-8). The Secretary-General had to be allowed to build on the ceasefire, so as to arrange the withdrawal of forces and the repatriation of prisoners of war. UN Security Council Resolution 598 (see pp 253-5, 1987) provided for negotiations under the auspices of the Council and Britain would do all in its power to sustain the spirit of co-operation and to contribute to a peaceful settlement.

If the international community could find a way forward on the dispute between Iran and Iraq, it could not ignore the plight of the Kurdish people driven from their homes in Iraq 'not by natural disaster but by unnatural force and brutality'. The charge that Iraq had used chemical weapons against the Kurds added gravity to the situation. The need for an independent inquiry under Security Council Resolution 620 (see pp 298-9) was evident and the refusal of Iraq to co-operate in such an inquiry was all the more to be deplored.

Chemical Weapons

Sir Geoffrey said that the spread of chemical weapons was one of the most disturbing of recent developments, multiplying the risk of their increased use as an instrument of war and terror. It was for this reason that Britain had taken the lead in preparing an international convention on the worldwide suppression of chemical weapons and in pressing the case for greater openness in this field (see pp 297-9). Britain welcomed the United States' call for a conference of the signatories to the 1925 Geneva Protocol (which banned the use in war of biological and chemical weapons) to mobilise the international community behind the search for a convention on chemical weapons which would outlaw them totally.

East-West Relations

Turning to the subject of East-West relations, Sir Geoffrey said that co-operation regarding the Iran-Iraq conflict should not be the only example of the constructive exercise of shared responsibility among the permanent members of the Security Council. There were grounds for hoping that this would not be the case, for there had been a change in the atmosphere which increased the scope for such co-operation. The Intermediate Nuclear Forces treaty and the Washington and Moscow summits (see pp 9-11, 191-3) had shown that East-West relations had moved on to a new footing. Just as significant had been the recent acknowledgment by the Soviet Union that foreign policy was no longer seen in Moscow as a special form of class struggle.[1]

Progress on arms control would not have been possible without the constant and united determination of the members of the North Atlantic Alliance. In addition to desiring success in the negotiations between the United States and the Soviet Union on a reduction in strategic nuclear weapons, the West wanted early progress in cuts in the conventional arms imbalances in Europe which prejudiced the security of millions of people.

Like arms control negotiations, the search for a worldwide pattern of respect for human rights was a vital component in the creation of a climate of confidence. In Europe, Britain looked for further progress in this regard from an early conclusion of the Vienna Conference on Security and Co-operation in Europe (see pp 347-9, 1986). The fundamental principle that Britain had proclaimed and which had been endorsed by the Soviet Foreign Minister in his speech to the General Assembly on 27 September was that 'the rule of law and the right of the individual to determine his own future were inseparable'. If confidence could be established in East-West relations, energies that had too often pulled in different directions could be put to constructive work and the place to do that was the United Nations. There were growing signs that progress was possible.

Afghanistan

Recent developments in Afghanistan were one example, continued Sir Geoffrey. Eight years after its forces had invaded Afghanistan, the Soviet Union had finally begun to take them home and over half had now left. Although this could well reflect a new realism in Moscow, it was also a consequence of the courage and determination of the Afghan people and of the sustained and overwhelming support of the General Assembly. Once the remaining Soviet troops had been completely and promptly withdrawn, the Afghan people had to be given 'the chance to select a truly representative government by a genuine act of self determination' (see pp 164-6).

Cambodia

Sir Geoffrey said that universal condemnation of Vietnam's illegal occupation of Cambodia could be having its effect. Britain had been among the first to insist that Vietnam should withdraw from Cambodia unconditionally and quickly. Vietnam could not by itself sustain its occupation and its own economy was in ruins. The time was right to look closely at ways of promoting a settlement. 'The aim should be to secure the early and unconditional withdrawal of Vietnamese forces and a political settlement to give Cambodia a stable and secure government. That must by definition preclude a return to the horrors of the Pol Pot regime'.

One consequence of Vietnam's policy had been the huge exodus of its own people in boats to Hong Kong and other destinations. It was time for this tragic migration to cease and for Vietnam to take back its own people in a humane fashion. Hong Kong's policy of seeking to return those people who were not genuine refugees was the only way to cope with what would otherwise be an unmanageable influx (see pp 230-1).

Southern Africa

On Namibia, Sir Geoffrey said that the 1978 UN Security Council Resolution 435 remained the best framework for the territory's independence. The first crucial step had been taken in South Africa's withdrawal from Angola and the establishment of an effective ceasefire. The next task was to achieve the withdrawal of South African forces from Namibia and of all Cuban forces from Angola and to hold free elections in Namibia leading to independence. This would require from South Africa a new respect for the integrity of its independent neighbours and from Angola a determined effort to achieve reconciliation within Angola where the Cuban presence had helped make an international issue of what was essentially a matter for internal resolution (see pp 268-70).

Just as Security Council Resolution 435 had stood the test of time, so had the British Government's commitment to act in its support. It had long ago offered to provide a signals unit to the UN Transitional Assistance Group and remained ready, with its partners in the European Community, to offer assistance to an independent Namibia.

Sir Geoffrey said that a settlement in Angola and the independence of Namibia would not in themselves resolve the intractable problems of South Africa where the principle at stake was the liberty and the dignity of the individual. 'We are committed to the abolition of the system of apartheid which stifles liberty and denies dignity.' The lever would have to be found that would effect that change but Britain did not believe that comprehensive sanctions were that lever (see pp 103-5). 'Some see sanctions as a political gesture which should be made almost for its own sake. But it would be an empty gesture. It would be a gesture with too high a price attached: too high a price in terms of the millions of black jobs, black livelihoods, which would be at stake. Our goal is the same as that of our friends in Africa. We are doing all we can to bring apartheid to an end.'

Britain's aid to South Africa's neighbours had been worth over £1,000 million since 1980. It supplied defence equipment to Mozambique and Zimbabwe and the Limpopo railway was being repaired with British help and defended by Mozambican troops trained in Zimbabwe by British army officers. In addition British aid was being given to black

[1]The Soviet Foreign Minister, Mr Shevardnadze, recently said that 'the struggle between the opposing systems is no longer a determining tendency of the present era'.

groups and individuals within South Africa so that they could educate themselves, build their own enterprises and free themselves from the oppression of apartheid (see pp 46-47).

Middle East

The principles of a settlement in the Middle East had been similarly laid down in a UN Security Council Resolution passed in 1967[1] and were no less valid today, Sir Geoffrey emphasised. Both Israel and the Palestinians had an historic sense of injustice and this was aggravated, not alleviated, by terrorist attacks against Israel. The violent suppression of Palestinian aspirations jeopardised the search for a peaceful settlement. The international community could not afford to give up the search for peace. 'The need for an international conference involving the five permanent members of the Security Council is more vital than ever. We shall be persistent in our efforts to help create the conditions in which such a conference can be held.'

Conflicts within Nations

Noting that regional disputes were by no means the worst in the world today, Sir Geoffrey said that conflicts within a nation posed some of the most complicated and intractable problems facing the international community. The way in which they dislocated the very fabric of nationhood was itself a cause of tension and a challenge for the international community. The tragedy of Lebanon (see p 54, 1987) was an example of such sub-national conflict which divided a country down the middle and at the same time extended beyond its borders. In Burma unarmed demonstrators including women and children had been killed over the past three months. Such violence would solve nothing and the Burmese authorities had to recognise that the only way to a lasting solution of the country's internal crisis was to meet the desire of the Burmese people for greater freedom and multi-party democracy. This type of internal problem posed particular difficulties to the international community and it had to work hard to find answers.

Other World Issues

Sir Geoffrey welcomed the resumption of the peace process in Cyprus (see pp 367-9, 1987) and the fact that the Secretary-General had met the leaders of both communities on the island and that agreement had been reached on negotiating a just and lasting settlement by 1 June 1989.[2] In Korea Britain welcomed recent contacts between North and South and hoped that they would contribute to the improvement in atmosphere that would one day lead to the Korean people being properly represented in the United Nations.

On the Falklands Islands, Sir Geoffrey emphasised that the right of the Islanders to self-determination could not be compromised; Britain, however, would continue energetically to seek ways of restoring more normal relations with Argentina (see p 404, 1987).

International Peace and Security

Sir Geoffrey said that UN member states could extend their co-operation into new areas to deal with new challenges to international peace and security, such as the battle against international terrorism. Following the hijacking of a Kuwaiti airliner in April, Britain had launched an initiative which had led to an agreement in the International Civil Aviation Organisation on the detaining of hijacked aircraft so as to prevent the spreading of a hijack crisis from one country to another (see p 234). That measure had to be built on to strengthen international protection against future hijackings (see pp 288-9, 1986).

The evil of drug-related crime also challenged member states to a united response, for in some parts of the world the malevolent forces of drug trafficking did as much damage as traditional armed conflict; although many nations individually might feel that they were victims of forces beyond their control, the international community together had a power immeasurably greater than the greatest threat. The use of the financial system had to be denied to those who profited from this trade and drug traffickers' assets needed to be seized to prevent funds being ploughed back into the trade. Although Britain had adopted legal measures to help do this (see 69-71, 1986) it could not act alone and the Government hoped that the international community would consider similar action.

World Economy

Concluding, Sir Geoffrey said that disparities between rich and poor could not be reduced overnight. The process would be long and aid could help, as could the creation of more open conditions for international trade. Internal economic reform could also help if it was carried out within the framework of structural adjustment and with adequate support from other countries. It was also important to relieve the burden of debt on those least able to bear it. The proposals on debt relief launched by Britain in 1987 (see pp 226-7) were now coming to fruition and this opened the way for a number of countries to benefit from rescheduling on concessional terms before the end of the year. 'But in the last resort it is the governments and peoples of the countries concerned who must work out their own destiny. We support their own strong determination to that end and we will work to sustain our own partnership with them.'

[1]The resolution called for the withdrawal of Israeli troops from territories occupied in the 1967 conflict and acknowledged the right to sovereignty, territorial integrity and political independence of each state in the area and its right to live in peace within secure and recognised boundaries.

[2]The Secretary-General met the Greek and Turkish Cypriot leaders on 24 August in Geneva: they both agreed to inter-communal talks in Nicosia and these have been taking place since 15 September.

European Community

The future direction and priorities of the European Community were the main themes of a speech by the Prime Minister, Mrs Margaret Thatcher, to the College of Europe at Bruges, Belgium on 20 September. Approaches to the questions of taxation, employment practices and financial services in the

single European market after 1992 have also been outlined by the Chancellor of the Exchequer, Mr Nigel Lawson, the Employment Minister, Mr John Cope and the Deputy Governor of the Bank of England, Sir George Blunden, respectively.

PRIME MINISTER'S SPEECH

In her speech, Mrs Thatcher said that Europe was not the creation of the Treaty of Rome; nor was the European idea the property of any group or institution. The European Community was a manifestation of the European identity, but not the only one. It was important to remember that east of the Iron Curtain people who once enjoyed a full share of European culture, freedom and identity were now cut off from their roots. Warsaw, Prague and Budapest should always be seen as 'great European cities'. The British people, also, were as much heirs of the legacy of European culture as any other nation. History revealed a 'record of nearly two thousand years of British involvement in Europe, co-operation with Europe and contribution to Europe, contribution which today is as valid and as strong as ever'. Mrs Thatcher added that Britain's destiny lay in Europe 'as part of the Community.'

The European Community belonged to all its members and had to reflect their traditions and aspirations. The Community was not an end in itself: it was a practical means by which Europe could ensure the future prosperity and security of its people in a world in which there were many other powerful nations and groups of nations. Europeans could not afford to waste their energies on internal disputes or arcane institutional debates: these were no substitute for effective action. Europe had to be ready to contribute in full measure to its own security and to compete commercially and industrially in a world in which success went to countries which encouraged individual initiative and enterprise, rather than those which attempted to diminish them.

Co-operation between Sovereign States

Mrs Thatcher set out some guiding principles for the future, which she believed would ensure that Europe did succeed, not just in economic and defence terms, but also in the quality of life and the influence of its peoples. The first principle was that willing and active co-operation between independent sovereign states was the best way to build a successful European Community. 'To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and would jeopardise the objectives we seek to achieve.' Europe would be stronger precisely because each nation had its own customs, traditions and identity. It would be folly to try to fit them into some sort of 'identikit European personality'.

On many great issues the countries of Europe should try to speak with a single voice and Europe was stronger when it did so, whether it was in trade, defence or relations with the rest of world. But 'working more closely together [did] not require power to be centralised in Brussels or decisions to be taken by an appointed bureaucracy'. The frontiers of the state had not been successfully rolled back in Britain only to be reimposed at a European level, with a European super-state excercising a new dominance from Brussels. Certainly Europe should be more united with a greater sense of common purpose, but this had to 'be in a way which preserves the different traditions, parliamentary powers and sense of national pride in one's own country, for these have been the source of Europe's vitality through the centuries'.

Encouraging Change

The second guiding principle put forward by Mrs Thatcher was that Community policies should tackle present problems in a practical way, however difficult that might be. If the Community could not reform those policies which were patently wrong or ineffective and which were rightly causing public disquiet, then it would not get public support for its future development. This was why the achievements of the European Council in Brussels in February were so important (see pp 99-101). It had not been right that half the total Community budget was spent on storing and disposing of surplus food. Now these stocks were being sharply reduced. It had been absolutely right to decide that agriculture's share of the budget should be cut in order to free resources for other policies such as helping the less well-off regions in the Community and helping training for jobs. It was right too to introduce tighter budgetary discipline to enforce these decisions and to bring Community spending under better control. One could not build on unsound foundations, financial or otherwise, and it was the fundamental reforms agreed last winter that had paved the way for the remarkable progress made since on the single market; but the Community could not rest on what it had achieved to date.

For example, the task of reforming the Common Agricultural Policy (CAP) was far from complete. Certainly Europe needed a stable and efficient farming industry, but the CAP had become unwieldy, inefficient and grossly expensive (see pp 309-10). The production of unwanted surpluses did not safeguard either the income or the future of farmers. The Community had to continue to pursue policies which related supply more closely to market requirements and which would reduce overproduction and limit costs. Tackling these problems required political courage and the Community would only damage itself in the eyes of its own people and the outside world if that courage was lacking.

Enterprise

The Prime Minister's third guiding principle was the need for Community policies that encouraged enterprise. Enterprise was the key if Europe was to flourish and create the jobs of the future. The basic framework was there: the Treaty of Rome itself was intended as a charter of economic liberty,[1] but this was not how it had always been read, still less applied. The lesson of the economic history of Europe in the 1970s and 1980s was that central planning and detailed control did not work and that personal endeavour and initiative did, that a state controlled economy was a recipe for low growth and

[1]The Treaty of Rome, which was signed by six nations in 1957, formally established the European Community; Britain signed the Treaty in 1972.

that free enterprise within a framework of law brought better results.

Single European Market

The aim of a Europe open to enterprise was the moving force behind the creation of the single European market by 1992. By getting rid of barriers, by making it possible for companies to operate on a European scale, Europe would best be able to compete with the United States, Japan and the other new economic powers emerging in Asia and elsewhere, and that meant action to free markets, to widen choice and to reduce government intervention. The aim should not be more and more detailed regulation from the centre but to deregulate and remove the constraints on trade.

Britain had been in the lead in opening its markets to others, Mrs Thatcher said. The City of London had long welcomed financial institutions from all over the world, which was why it was the biggest and most successful financial centre in Europe. In the field of telecommunications, Britain had opened its market for equipment and introduced competition into the market for services and even into the telecommunications network itself (see pp 269-72, 1983), steps which others in Europe were only now beginning to face. In air transport, Britain had taken the lead in liberalisation and seen the benefits in cheaper fares and wider choice. Britain's coastal shipping trade was open to the merchant navies of the Community's member states.

Monetary Issues

Regarding monetary matters, Mrs Thatcher stated that the key issue was not whether there should be a European central bank. The immediate and practical requirements were to implement the Community's commitment to free movement of capital (there was such free movement in Britain) and to the abolition of exchange controls throughout the Community (Britain abolished these in 1979); it was also necessary to establish a genuinely free market in financial services, in banking, insurance, investment, and to make greater use of the European Currency Unit (ECU).[1] Britain would be issuing ECU-denominated Treasury Bills this autumn (see p 347) and hoped to see other Community governments increasingly doing the same. These were the real requirements, because they were what the Community's business and industry needed if they were to operate effectively in the wider world, and they were what the European consumer wanted, for they would widen choice and lower costs. It was to such basic practical steps that the Community's attention should be devoted. When these had been achieved and sustained over a period of time, the Community would be in a better position to judge the next move.

Frontier Controls

It was the same with frontiers between the European countries, Mrs Thatcher continued. Although it had to be made easier for goods to pass through frontiers and for people to travel throughout the Community, it was a matter of plain common sense that frontier controls could not be abolished totally if governments were to protect their citizens from crime and stop the movement of drugs, terrorists and illegal immigrants.

[1]The ECU is a 'basket' of European Community currencies backed by major European banks, and traded on the international exchanges.

Employment

Finally on the subject of the single market, the Prime Minister observed that the Community certainly did not need new regulations which raised the cost of employment and made Europe's labour market less flexible and less competitive with overseas suppliers. If there was to be be a European company statute, it should contain the minimum regulations and certainly Britain would fight attempts to introduce collectivism and corporatism at the European level, although what people wished to do in their own countries was their own matter.

Europe and the World

The Prime Minister's fourth guiding principle was that Europe should not be protectionist. The expansion of the world economy required Europe to continue removing barriers to trade, and to do so in the multilateral negotiations in the General Agreement on Tariffs and Trade (GATT; see pp 328-9, 1986). 'It would be a betrayal if, while breaking down constraints on trade within Europe, the Community were to erect greater external protection. We must ensure that our approach to world trade is consistent with the liberalisation we preach at home.' The Community had a responsibility to give the lead on this, a responsibility which was particularly directed towards the developing countries. They required not only aid – more than anything, they needed improved trading opportunities if they were to gain the dignity of growing economic strength and independence.

Defence

The final guiding principle concerned the most fundamental issue: the European countries' role in defence. Mrs Thatcher said that Europe must continue to maintain a sure defence through the North Atlantic Treaty Organisation (NATO). There could be no relaxation, even though it meant taking difficult decisions and meeting heavy costs. It was to NATO that Europe owed the peace that had been maintained over 40 years. The democratic model of a free enterprise society had proved itself superior. Freedom was on the offensive – a peaceful offensive the world over – for the first time in many years. Europe had to strive to maintain the United States' commitment to its defence, and that meant recognising the burden on its resources of the world role it undertook and its view that its allies should bear their full part of the defence of freedom, particularly as Europe was growing wealthier. Increasingly the United States would look to Europe to play a part in 'out-of-area' defence, as it had recently done in the Gulf (see pp 267-8).

NATO and the Western European Union (WEU; see pp 355-6, 1987) had long recognised where the problems of Europe's defence lay, and the time had come to give substance to European declarations about a strong defence effort with better value for money. This was a problem of political will and courage, of convincing people throughout Europe that it could not rely for ever on others for defence, but that each member of NATO must shoulder a fair share of the burden. Public support for nuclear

deterrence had to be kept up and there was a need for modernisation. The requirements for effective conventional defence also had to be met. The WEU should be developed, not as an alternative to NATO, but as a means of strengthening Europe's contribution to the common defence of the West. Above all, at a time of change and uncertainty in the Soviet Union and Eastern Europe, Western Europe's unity had to be preserved so that its defence was sure, whatever happened.

At the same time, it was necessary to negotiate on arms control and keep the door wide open to co-operation on all the other issues covered by the Helsinki Accords (see pp 347-8, 1986), but it must never be forgotten that Europe's way of life, vision and hopes were secured by the strength of its defence.

Conclusion

Concluding her speech, Mrs Thatcher said that it was now time to take decisions on the next steps forward for the Community, rather than being distracted by utopian goals. 'Let Europe be a family of nations, understanding each other better, appreciating each other more, doing more together but relishing our national identity no less than our common European endeavour.'

INDIRECT TAXATION

In a paper sent to Community finance ministers in September, the Chancellor of the Exchequer, Mr Nigel Lawson, set out a market-based approach to taxation in the single market instead of the proposals put forward by the European Commission in August 1987 for the formal standardisation of value added tax (VAT)[1] and excise duty rates throughout the Community.

European Commission's Proposals

Among the Commission's proposals were the charging of VAT on goods and services traded between member states (at present such supplies are 'zero-rated' as exports). The Commission also proposed that VAT rates should be 'approximated' between the member states and excise duty rates harmonised. For VAT, two rate bands were proposed: a standard rate of 14 to 20 per cent and a reduced rate of 4 to 9 per cent. For excise duties, the Commission proposed the complete harmonisation of duty rates based roughly on the average of existing rates in the European Community.

In his paper, Mr Lawson observed that the Commission's proposals had implications for economic, social, health, fiscal and budgetary, transport, energy and environmental policies. For some member states the proposals for tax approximation involved large and relatively sudden changes with potentially unwelcome consequences. Even more fundamentally, the arrangements were not likely to be consistent with the objective of deregulation and greater competition. Indirect tax rates would be set in a way which took insufficient and belated account of changing conditions and priorities, and the theoretical benefits of greater harmonisation would be outweighed by significant costs.

[1]VAT is an indirect tax on a wide range of goods and services, borne by the consumer, and chargeable in Britain at 15 per cent.

The Commission saw its proposals as essential to the completion of the single market, and in particular to the dismantling of border controls. However, the British Government believed that this latter objective could be achieved more directly, without approximating rates of indirect taxes along the lines proposed, by allowing increased scope for market forces.

Britain's Approach

The first element was a substantial reduction in frontier controls on intra-Community trade. A major contribution could be made by the introduction of 'postponed VAT accounting' for imports, meaning that traders would no longer have to account for and pay VAT at the frontier. This would yield immediate practical benefits in terms of reduced trader costs and could be implemented well before the end of 1992. Britain had always made it clear that it would be willing to introduce such a system as part of a Community-wide move in this direction.

The second major element was the enhancement of market forces in the context of individual travel between member states. The present restrictions on cross-border shopping restricted shoppers' freedom to take advantage of price differences between member states, the bulk of which arose for reasons other than differences in indirect tax rates. Restrictions on the quantity of goods which individuals could take tax-paid from one member state to another should be substantially and progressively relaxed, and ultimately eliminated. Whatever the size of the initial steps, by the end of 1992 they should be sufficient to ensure an important role for market forces – in the shape of cross-border shopping – in areas where tax rates were far apart. In these circumstances tax-free allowances would ultimately be abolished.

These reductions in trading costs and increases in traveller's allowances would increase the competitive pressure on member states when setting indirect tax rates. Countries with high tax rates would tend to lose revenue as their nationals shopped in other member states, and would face greater competition from overseas producers. Governments would have to chose a pattern of indirect tax rates which struck a balance between these competitive pressures and national preferences.

This market-based approach, with its focus on deregulation and competition, would provide a much better guarantee than the Commission's proposals that indirect tax rates and structures would suit the circumstances of 1992 and beyond. The pressures on tax rates would in general be downwards, providing an essential antidote to the in-built pressures for increased public expenditure and taxation. The market-based approach did not mean abandonment of the principle that goods bore the indirect taxes in force in the country where they were sold or resold. Any sudden change from this principle to a free-for-all would have large and potentially damaging implications for many member states. These and other practical considerations indicated that frontier barriers could not be removed in one go: a gradual approach would be needed.

But whichever approach was adopted, alcohol and tobacco had to be treated as special cases because of the serious health risks associated with

excessive consumption of these products. Here neither the Commission's nor the market-based approach would be appropriate. Allowing market forces completely unfettered sway, with greater (and ultimately unrestricted) access to cheap supplies, would be a retrograde step. Alcohol and especially tobacco were central targets in the Community's campaign against cancer in Europe. Harmonisation of taxes should not force individual member states to adopt significantly lower tax rates than they would ideally wish to impose for health reasons. Britain therefore considered it essential either that there should be effective restrictions in this area or that high minimum duty rates should be set.

EMPLOYMENT IN THE COMMUNITY

Speaking at the Mid-Kent Small Business Club on 21 September, the day of his return from a meeting of European Community employment ministers in Athens, the Minister of State for Employment, Mr John Cope, said that there had recently been a great deal of talk about a 'social dimension' to go with the Community's internal market. Britain was concerned about talk of the European Commission imposing compulsory trade union representatives on the boards of all companies and about a 'Euro-employment contract' for workers, all of which would sit very uneasily with British practice and with that of some of the other countries in the Community.

The Community, Mr Cope said, should concentrate on making labour markets more flexible, not more regulated, paying attention to what was practical and recognising that practical measures should take priority over social engineering. This process had started at the Hanover summit in June (see p 224).

Trade union representation differed widely in the different countries of the Community, as it did in different industries, Mr Cope said. The proportion of the workforce that belonged to trade unions was four times larger in Belgium and Denmark than in France and Spain. In Britain well under half the workforce was in a union, and this was above average in Europe; some industries and companies were highly unionised in Britain, and others hardly at all. In these circumstances it was obviously nonsense to try to impose a pattern of union or worker participation in all countries, or on all companies.

These points were becoming better understood by Britain's European colleagues and the European Commission. There was a realisation that social development must not conflict with the internal market and that competitiveness must be improved to create jobs, not stifled with new areas of regulation. The talk now was of progress on health and safety at work, of encouraging training, particularly for the unemployed, and of the related questions about the mutual recognition of vocational qualifications, reducing restrictions and helping to make for a flexible labour market throughout Europe. This flexibility was needed if Britain was to compete within Europe and if Europe was to compete in the world. It was also needed in order to go on creating jobs. In Britain over 2 million jobs had been created in the last five years – more than in the rest of the European Community put together – by deregulation and releasing the energies of the British people. This had to continue in Britain and throughout Europe.

FINANCIAL SERVICES

In a speech at the Italian Chamber of Commerce Conference on 23 September the Deputy Governor of the Bank of England, Sir George Blunden, examined the effects of the single market on financial services. Economic integration, Sir George said, would not suddenly blossom in 1992 into one completely unified market. Steady, practical and realistic progress was required, particularly in financial services, where a hasty adoption of theoretically ideal legislation might prove unworkable in practice and have seriously adverse consequences.

This principle, Sir George said, should be equally applied to calls for monetary union and for the establishment of a European central bank. What was needed were practical measures that would run with the grain of the market. Britain would soon be undertaking one such small step by issuing Treasury Bills denominated in European currency units (ECUs – see p 347), which had been pioneered by the Italian Government. Britain had also taken steps to encourage a secondary market for these Bills and it was hoped that these developments would act as a catalyst for the growth of an ECU money market, which was itself critical to greater use of the ECU.

There was a growing realisation in Britain that the single market offered an important opportunity for expansion in Europe. Nonetheless, there were still risks to be avoided if the single market was to succeed. First, it could not be created instantaneously, and work on its completion would have to continue well beyond 1992. Secondly, the Community's regulatory approach had to be based on competition, liberalisation and decentralisation; otherwise there was a risk that bureaucracy might proliferate and stifle growth. Finally, the international dimension could not be ignored; Europe had to maintain the capacity to provide a centre or centres matching and complementing New York and Tokyo in serving the needs of customers outside as well as within the Community. The risks involved were much less likely to be realised, however, if practitioners became involved in the decision-making processes that would shape the internal market.

Regulatory Framework

The Community faced a huge task in legislating for the creation of a single market while seeking to act swiftly and avoid over-regulation. The alternatives were either to introduce fully harmonised Community-wide regulations to replace national rules or to adopt the principle of mutual recognition whereby each state accepted other states' domestic regulation as equivalent to its own. The agreement reached earlier this summer on the liberalisation of capital movements in the Community (see p 224) was an example of the first approach. By contrast, measures relating to regulation in specific sectors of financial services tended to provide examples of the second: for instance, the Commission's Second Banking Co-ordination Directive meant that, once a bank had met the requirements fulfilled by the

national banking authorities of a member state, it would automatically be permitted to offer its services or establish branches in any other Community country.

However, the principle of home control might encourage migration of business to the member state with the lowest supervisory standards. The solution was to create harmonised minimum capital standards to operate alongside mutual recognition in order to protect both the consumer and the integrity of the market as a whole. There would also remain an important place for local rules set by the host country, which would govern the local method of conducting business on a non-discriminatory basis. This three-pronged approach of mutual recognition of home control, harmonised minimum standards and host rules ought to be an effective way to combine deregulation and liberalisation with consumer protection.

It was this approach which Sir George hoped would be put into practice in the European Commission's proposed Directives on banking and investment services. Although it could be argued that complete harmonisation would ultimately be the only way to achieve a truly open and uniform internal market in such services, it would be disruptive and confusing to attempt to impose it in one step. Applying the principles of mutual recognition and harmonised minimum standards should prove a major step in the direction of unification and one that was possible and practicable at this stage.

It had been estimated that financial services in the Community could grow by some 22,000 million ECU (about £14,000 million) as a result of a deregulated internal market. Unfortunately, it would take time for an open market to become fully effective even when the regulatory framework had been put in place. Insurance provided a good example: the transition in that market from the present position, where in many member states insurance was all but closed to cross-border competition, to an open market could well be long and difficult. Established trading patterns and local practices would all take time to break down.

External Dimension

Nor should the external dimension of 1992 be ignored. A single efficient and competitive internal market should encourage trade between the Community and the rest of the world with great mutual benefit. Some had argued that 1992 would simply open more European doors to foreign competitors, but this need not be so: the outcome depended on the calibre and preparedness of European businesses. The alternative approach of attempting to protect the internal market as a whole from international competition would be highly damaging to the future of the European economy.

Ideally, access to financial markets should be unrestricted, but in the real world it might be necessary to accept that access to markets should to some extent be on a reciprocal basis. But it would surely be wrong to introduce unilaterally reciprocity tests to be applied automatically, as the European Commission had suggested – this was a stance symptomatic of introversion rather than a commitment to free trade. The Commission's proposals would, moreover, by their centralisation impose a great bureaucratic burden and run the risk of driving business out of Europe. Reciprocity rules needed to be discretionary and to be operated locally by experienced professional supervisors.

To those afraid that the liberalisation of capital movements might prove profoundly destabilising for international flows of funds, Britain's abolition of exchange controls in 1979 (see p 162, 1980) provided an encouraging example: the once-and-for-all adjustment to external portfolios had been broadly offset by greater confidence from overseas investors that they might safely bring in capital.

Shorter Notes

EDUCATION LINKS WITH THE SOVIET UNION

An agreement to increase educational links between Britain and the Soviet Union was signed in Moscow by the Secretary of State for Education and Science, Mr Kenneth Baker, and the chairman of the Soviet State Committee for Public Education, Mr Gennadi Yagodin, on 3 October 1988.

Under the agreement, which follows the British-Soviet 1987 memorandum of understanding on co-operation in culture, information and education (see pp 124-7, 1987), 50 schools from each country will be able to exchange up to 1,000 students between the ages of 14 and 16 years by the end of 1991-92. The exchanges may continue at this level for a further three years. Participating schools will be twinned, the aim being to promote a greater degree of mutual understanding among young people through a wide programme of exchanges of school children and teachers, letters, photographs, tapes and project work. Language-based exchanges will be a significant component, but the programme also includes the study of subjects in which the practical elements could be shared, such as mathematics, science and computing. Cultural and sporting activities could also be a basis for exchange.

Commenting after the signing, Mr Baker, who was making an official visit to the Soviet Union, said that both sides were delighted that they had been able to come to this agreement 'so that children from each of our countries can learn about each other in a practical way, developing *glasnost* between our two countries'.

Source: Department of Education and Science press notice, 3.10.88.

AID FOR BANGLADESH

Further British aid to Bangladesh was announced by the Minister for Overseas Development, Mr Christopher Patten, on 27 September.

Britain is to make available an allocation of £30 million for commodity aid over the next two years. The aid will be used to finance the supply from

Britain of equipment, materials and spare parts urgently needed in key areas of the economy. In view of the recent devastating floods, the first £15 million will be released immediately to help rehabilitation needs, including the supply of Bailey bridging.

As part of the current relief operation Britain is already providing £7·5 million of emergency aid, including 50,000 tonnes of food aid, as well as support for British voluntary agencies working in Bangladesh as part of the relief operation (see p 310).

Source: Overseas Development Administration press notice, 27.9.88.

AID TO CHINA

A second British aid arrangement in the form of soft loans and mixed credits worth up to £300 million has been made available to the People's Republic of China for development projects, following the signature of a new memorandum of understanding by Britain and the People's Republic in Peking on 20 September 1988. The projects are to be agreed between both Governments and will last for three years. Terms will be consistent with international guidelines for concessional financing.

A first soft loans agreement was signed by Britain and the People's Republic in 1986 for projects with a total value of £300 million (see pp 220-1, 1986). Contracts have been signed for the supply of two container ships, as well as for the building of a power station in Hunan province and an aluminium plant.

Britain also has a growing technical co-operation programme with the People's Republic, centring on training and scholarships in Britain (in 1987, some 370 Chinese postgraduates came to Britain with a number of them being attached to British firms), English language teaching, consultancies in science and technology, and links between British and Chinese universities and colleges.

Source: Overseas Development Administration press notice, 20.9.88.

ZIMBABWE AND MALAWI

New British aid of £15 million to Zimbabwe was offered by the Prime Minister, Mrs Margaret Thatcher, when she met the President of Zimbabwe, Mr Robert Mugabe, on 1 October in London. The new aid, which forms part of Britain's substantial programme of assistance to priority areas including agriculture and industry, follows pledges of £10 million in 1986 and 1987. Since 1981 Britain has provided £190 million in aid to Zimbabwe.

A further £15 million is being given by Britain in support of Malawi's programme of economic reform; £5 million will be provided this year to finance imports of maize from Zimbabwe and the rest will be given in 1989 alongside a World Bank credit to help finance reforms in agriculture. In the five years between 1983 and 1987 British bilateral aid to Malawi totalled £81 million; the programme consists of both financial aid and technical co-operation, the latter being mainly for health, education, agriculture and transport.

Source: Overseas Development Administration press notices, 3.10.88 and 6.10.88.

Training

The Government has announced new arrangements for delivering its training programmes and its intention to introduce legislation to abolish the Training Commission. This follows the vote by the Trades Union Congress to withdraw support from the Government's Employment Training scheme.

Background

Details of Employment Training, which represents Britain's largest ever training programme, were announced by the Secretary of State for Employment, Mr Norman Fowler, in February 1988 (see pp 108-11) and it took effect in September. It combines a number of training programmes, the largest of which was the Community Programme. Responsibility for administering Employment Training and other government training programmes (including the Youth Training Scheme) rested with the Training Commission, created under the Employment Act 1988 (see pp 377-8, 1987) as the successor to the Manpower Services Commission. The Training Commission has ten members – a part-time chairman, three representatives appointed after consultation with organisations representing employees, three after consultation with organisations representing employers, two representatives of local authorities and one of other organisations concerned with education – while the Secretary of State has the power to appoint up to an additional six commissioners.

At its annual conference in September the Trades Union Congress (TUC) voted to withdraw its support from Employment Training and, in a second motion, instructed its General Council to withdraw its support immediately and to institute a policy of non-co-operation. This second motion was qualified so that, where withdrawal from existing Community Programme schemes would cause redundancies, trade unions should enter negotiations with the aim of reaching agreement that the scheme would be phased out over not more than two years.

Government Statement

In a statement on 15 September, the Secretary of State for Employment said that the TUC's instructions had 'inescapable consequences for the future of the Training Commission'. It was clearly not possible for commissioners representing an organisation committed to opposing Employment Training to continue to sit on the body responsible for running that programme.

Mr Fowler said that he intended to introduce new arrangements for delivering the Government's training programmes and they would be set out in a White Paper to be published in autumn 1988. However, he had to take immediate action to remove the TUC's responsibility for a programme it was instructed to oppose, as the Government needed to safeguard its training and education programmes including Employment Training and the Youth Training Scheme. Any change in the status or composition of the Commission required primary legislation, so the only way to bring an early end to TUC involvement in the Commission was to use his powers to take back the Commission's functions. Accordingly, he had decided, in consultation with the Secretaries of State for Scotland and Wales, as a first step to take back all the functions which the Commission had exercised on his behalf including Employment Training, the Youth Training Scheme and the Technical and Vocational Education Initiative. These functions were being transferred to a new executive agency [the Training Agency] within the Department of Employment with immediate effect. It would be necessary to reconstitute advisory committees to succeed those appointed by the Commission. However, the 58 area manpower boards (which provided the Commission with advice and assistance in delivering the training programmes and were constituted on similar representational lines to the Commission) would be abolished and the Government would set out proposals for new local training arrangements in the White Paper.

Mr Fowler said that the Commission would retain responsibility only for those functions specifically laid down by statute, which mainly concerned the approval of levy proposals by the seven industrial training boards. He proposed to introduce legislation at the earliest opportunity to abolish the Commission.

The Government wished to consider further the longer-term training arrangements. It now had the opportunity to create better arrangements to ensure the successful operation of its training programmes and to reflect 'the high priority the Government attaches to them'. The arrangements succeeding the Commission would need to ensure that existing training and education programmes could be delivered successfully. He wanted to secure 'the effective involvement of employers and other organisations – such as voluntary organisations, local authorities and their schools and colleges, and individual trade unions – which wish to play a constructive role in the delivery of these programmes', and this would be a key feature of the White Paper.

Building Consultancy Overseas

Although the decline in the overseas construction market persisted during 1987, British firms of consulting engineers, architects and surveyors maintained their share of a shrinking market in spite of stiffening competition.

The description which follows of overseas consultancy work by British firms during 1987 is drawn from an article in the 30 September issue of *British Business.*

Consulting Engineers

Members of the Association of Consulting Engineers had overseas earnings in 1987 of around £420 million, compared with £508 million in 1986. Total capital costs for work in hand at the end of 1987 amounted to about £31,400 million, down from £43,000 million in the previous year. The total capital cost associated with new work in 1987 was about £6,250 million. The Association's report for 1987[1] advances several reasons for this relatively sharp downturn in the industry. Apart from the broad factors of a substantially reduced world market, problems of international lending, increased competition and widespread instability, there was a marked decline in activity in the Middle East and Far East, where the drop in oil prices has had its effect. The development of infrastructure and industry is now well advanced in these regions, and indigenous firms of consulting engineers, which were often trained by British firms thanks to policies of technology transfer, are taking a growing market share. One way in which British firms have maintained their presence abroad is through collaboration with such local firms, and work was carried out in 140 countries during 1987.

Of the 503 new capital assessed projects overseas reported during 1987, the largest number were in a few important categories: industrial and commercial structures, electrical and mechanical services, and transportation infrastructure, although other work to develop land, harbours, water supplies and industrial structures represented a considerable proportion of the total. Africa accounted for more than a third of all these projects, while the Middle East, the Far East and Oceania each represented about 15 per cent of total contracts. Considered in terms of capital cost, the Middle East, India, Malaysia and Indonesia provided some of the most valuable contracts.

Industrial and Commercial Structures

In the People's Republic of China, two building schemes were completed last year, one a 24-storey hotel in the capital of Fujian Province, the other the 42-storey Shanghai Hilton International Hotel. In Bahrain, a £26 million residential development for the Arabian Gulf University was finished. The King Fahd Medical City, one of the largest hospital complexes ever conceived, with total costs of £500 million, is being constructed in Saudi Arabia with the help of a British engineering consultancy. A London-based firm is producing the entire infrastructure design for Saudi Arabia's Al Qassim University. Several hospitals in California are being constructed with a British firm's assistance. A fisheries development project in the People's Democratic Republic of Yemen features a large manpower development centre and five village fisheries.

British firms have been engaged on several major industrial development projects, including one for the Ashanti Goldfieds Corporation in Ghana, which involves shaft sinking and surface work, and projects for a steel plate mill in Mexico and for an extensive microbiological laboratory in Libya valued at £100 million. Other, smaller schemes which are using British firms include commercial centres in Nantes and Epone in France; a £12 million textile finishing plant in Burma; storage and distribution centres for Zambia Breweries; and locomotive sheds and workshops in Tanzania. Projects which are associated with food production range from a £75 million grain handling and storage project in Turkey with a capacity of 600,000 tonnes on 52 sites to a roller ginning factory with storage areas in the Sudan and grain storage facilities along the Tanzania-Zambia railway.

Water and Waste Management

British engineering firms have a long record of helping to create adequate and safe supplies of water for both human consumption and agricultural uses. One firm has now been awarded a major design contract for the Lesotho Highlands water project, which will comprise the Katse dam, at 170 m (558 feet) in height the largest in southern Africa, and a 45 km (28 mile) tunnel to convey water to a hydroelectric plant. Two major dams are being constructed in Algeria, valued at about £90 million: Ain Zada, 940 m (1,028 yards) long and 50 m (164 feet) high, to include river diversion and service roads, and the slightly lower Haemal Grouz which will provide water to the city of Constantine. In Egypt, a regional scheme will improve water supplies to meet the future needs of 3·5 million people. It will provide four new source works, 245 km (152 miles) of pipelines, 430 km (267 miles) of minor mains and over 400,000 house connections. In Iraq, a £615 million project involves expansion of treatment works and a cross-river link to the east bank area of Baghdad. In Kuwait British firms are involved in two water projects which will have a great impact when they are finished. One is a blending plant for ground water and desalinated water and a pumping station. The other will provide for desalination of water and will feature two main pumping stations, a regional control system, and 300 km (186 miles) of trunk main. A major sewerage system at the feasibility and design stage which will serve suburban Istanbul in Turkey is using an international team of engineers including a British firm. It will provide several treatment and pre-treatment works, pumping stations and extensive interceptor sewers.

Port and Harbour Development

Work is being carried out to improve lakes in Tunisia and Libya, and an integrated port, coastal and town development in Malaysia is progressing. The port of Dar es Salaam in Tanzania is being extensively redesigned and improved by British engineers. The

[1] *The Association of Consulting Engineers. Overseas work entrusted to Members during 1987.* Available from the Association of Consulting Engineers, Alliance House, 12 Caxton Street, London, SW1H 0QL. £40.

finished project will include a container terminal and inland terminal. In Iraq, three projects with total costs fixed at £317 million will provide combined port facilities at Khor El-Zubair, ships' berths at Um Qasr, and the Zafaraniya shipyard. Benghazi harbour in Libya is being enlarged following the production of the initial study and design by a British engineer who is now supervising construction of the £280 million scheme.

Chemical, Petroleum and Gas Plants

A British firm is assisting with a petroleum storage project, pipelines, and an import and export facility. Two very large fertiliser plants are being built in India, each worth more than £400 million. A £40 million scheme is proceeding to produce sodium sulphate from Lake Qarun in Egypt. Two British firms have collaborated recently in Australia to undertake the design and project management for civil and structural works associated with a mineral handling, milling and process plant. They are now providing designs and capital cost estimates for plant upgrading and project management for process gas cleaning and effluent disposal systems.

Power Generation

The generation and transmission of electricity have concerned British companies working in many countries. Recent Middle East projects have included the conceptual design and specification of a 2 × 60 MW gas and oil-fired power plant in Saudi Arabia, a 200 MW gas turbine station with associated desalination plant in Dubai, and a new contract for the extension of power transmission and distribution systems in Kukhan, Qatar. Design for a major coal-fired power station at Yue Yang in China started recently. It will have a capacity of 724 MW, and British consultants are responsible for the management, coordination and design of large-scale civil engineering works, for heating, ventilation and air-conditioning plant, and for provision of on-site advice. Nuclear power plants are being built in Brazil, Canada, China and Romania with British firms' assistance. Hydroelectric projects include a £300 million scheme in Indonesia with a 95 m (312 feet) high dam producing 180MW of power, and the Turkwel Gorge project for the Kerio Valley Development Authority in Kenya, which will feature a 155 m (507 feet) high dam, extensive tunnels and an underground powerhouse.

Transport and Communications

In Hong Kong alone, British consulting engineers were involved in over 60 rail, bridge and tunnel schemes which were completed or continuing during 1987. Of particular note were the 12·5 km (8 miles) transit railway Island Line worth £500 million and the £233 million Eastern Harbour crossing. The construction of 125 km (80 miles) of roads and 15 bridges in Guinea was being carried out under the supervision of a British firm during 1987, as was that of a £210 million urban motorway with associated infrastructure in Kuwait. The Mount Pleasant airport in the Falkland Islands was designed by British engineers, who also helped with site supervision. By far the largest project in hand in this category is the Channel Tunnel, which will link Britain and France. The project is employing the services of several British firms, for both construction of the tunnel and development of onshore rail connections.

In 1987 British firms assisted in the proposed development of telephone manufacturing facilities in Zimbabwe, with a study commissioned by Britain's Overseas Development Administration which assessed financial, economic and technical feasibility and considered the future needs of eight African countries for such facilities. Another firm helped to put in place a satellite earth station in Sudan which forms part of the Arabsat communications network. A feasibility study was conducted into the possible establishment of a global network for systematic exchange of high resolution images between five meteorological satellite systems.

Surveyors

Chartered surveyors have long played an important part in the international property and construction market. Some menbers of the profession's official body, the Royal Institute of Chartered Surveyors, believe that the two current developments which will do most to ensure their future presence abroad are the big increase in work available around the Pacific rim, and the approach of the single European market in 1992. The attractions of real estate as an investment for managers of investment funds around the world make surveyors' services indispensible.

Oceania

Firms with Australian offices had a particularly successful year in 1987. One project which used real estate advice involved the State Bank centre in Adelaide, which combined a 30,000 sq m (32,820 sq yards) building with several refurbished listed buildings to provide additional space and investment for the bank. The firm of Knight Frank and Rutley acted as project controller and property consultant. It undertook a feasibility analysis and financial modelling, kept the project on schedule and was shown to have provided accurate predictions on office space supply and demand. The project is setting new records for rental rates in Adelaide. The same firm negotiated the sale for over £100 million of the Coopers and Lybrands Tower in Sydney, and has since been appointed managing agent and retail centre manager for the building

Jones Lang Wootton acquired land for a 35,000 sq m (38,290 sq yards) development at Catswood near Sydney and is acting both as project advisor for the International Corporate Centre at Terry Hill, a 30 hectare (74 acre) business park, and in the provision of design advice for a 50 storey tower development in Perth. Debenham Tewson and Chinnock were involved in the sale of two buildings in Brisbane, while the firm of Chesterton acted as consultant to the city council for the restoration of the Queen Victoria Building and is now coordinating agent for Piccadilly Plaza. John Foord and Company was assigned the valuation of Sydney's opera house for insurance purposes.

The Far East

Several firms carried out work in Singapore. Jones Lang Wootton was appointed development consultant for Plaza on the Park, which is part of the Urban Redevelopment Authority's plan for the cen-

tral zone. They have also been given the task of managing Singapore's biggest condominium, Bayshore Park. A number of British firms are heavily involved in the marketing of a wide range of commercial and residential buildings in Singapore. Knight Frank and Rutley provided property advice for the redevelopment of existing stations for Metrolink, a new suburban rail network in Malaysia.

Quantity surveyors Gardiner and Theobald International have been working on a £24 million coal terminal, handling and loading plant at Tarahan in Indonesia, while Franklin and Andrews assisted with a new passenger terminal building complex at Colombo international airport in Sri Lanka and with the expansion of Rangoon airport in Burma. The latter project included a 1,100 m (1,203 yards) extension to the runway system, an overlay to the existing runway, new taxiways, the provision of telecommunications and meteorological facilities, new airfield lighting, a new terminal building, and fuelling facilities.

Hong Kong has provided many opportunities for firms of British surveyors. A 4,000-unit development of high-rise housing together with commercial facilities in one of Hong Kong's new towns is being developed and managed by Chesterton. The same firm is also acting as consultant to the joint venture developers of an estate which will feature 6,000 flats and associated amenities. British firms Knight Frank and Rutley and Davis Langdon and Everest are both involved with the Hong Kong Convention and Exhibition Centre, a £185 million development within which is the 70-storey Bank of China office tower. Davis Langdon and Everest are also working on Times Square, a mixed development, and the Hong Kong University of Science and Technology. The firm of Richard Ellis has been appointed joint marketing agent for the China World Trade Centre, valued at about £130 million. British firms also represent the interests of many Japanese businesses around the world.

The Middle East

Although it offers fewer opportunities than in previous years, the Middle East still provides considerable work for some British surveyors. Gardiner and Theobald International has been working on airfield facilities in Saudi Arabia, and in Riyadh it has been involved with work on the £300 million Imam Mohammed Ibn Saud Islamic University, hospitals and housing. The same firm has continued its work on the Bahrain Causeway and on border crossing reception areas at the Saudi-Bahrain frontier. The firm of Turner and Townsend has been working on submissions from contractors for construction projects in Abu Dhabi.

Europe

As well as long-standing links with the United States, British firms of surveyors have maintained their involvement in European markets. Weatherall Green and Smith have coordinated a retail development in Essen, Federal Republic of Germany, the acquisition of shop premises in Düsseldorf and Hamburg, and mortgage valuations in Düsseldorf on behalf of Citibank. Jones Lang Wootton is also active in the Federal Republic: it has handled the marketing of a large office development in Frankfurt, and leasing arrangements for office complexes in Frankfurt and Hamburg. In France, the sale of the Australian embassy residence in Paris was entrusted to Weatherall Green and Smith. Knight Frank and Rutley received substantial letting instructions in and around Paris and has handled the sale of an office building in Nanterre. In Louvain, Belgium, the firm of Widnell and Trollope has been appointed project directors for the development of a large bank headquarters. Many firms already working in rest of Europe and some which do not yet have a presence there expect to be heavily involved in continental ventures after the open markets promised by 1992 become a reality.

Architects

A number of firms of British architects worked all over the world in 1987. James Cubitt and Partners have designed a large office block for an oil company in Nigeria, a chain of computerised banking facilities across the country, several spinning mills, fast food outlets, and residences for the British High Commission in Lagos. The firm has been involved in the supervision of a large hospital in Benghazi, Libya, and has designed buildings associated with it.

The firm Culpin Planning advises developing countries on the problems of urban growth. It has worked in Indonesia since 1978 with funding from international agencies offering technical assistance to government ministries, the municipal council administrations in Jakarta and Surabaya, and other regional authorities. A director of Culpin Planning has been seconded to the United Nations Centre for Human Settlements to lead a support programme for urban management, and the firm has been working recently in Bangladesh, Egypt and Jordan.

Grimshaw and Partners' representatives provided architectural services for a storage facility for the furniture manufacturers Vitra GmbH in Wiel am Rhein in the Federal Republic of Germany. The fully computerised factory and warehouse comprises production, warehousing and final assembly areas, and is set in the company's own industrial park.

The Halcrow Group Architectural Practice has recently concluded several projects in the United Arab Emirates, including a 12 storey commercial and residential building, the Sharjah Towers, and the Majarra Souk, a retail shopping complex designed in traditional Islamic style. The structure is made from reconstructed moulded stonework manufactured in Britain and gold mosaic. Its central feature is a dome decorated with a mural also made in Britain. Further work has been done by the firm to extend the Jabel Ali Hotel and the Sharjah Television Studios which will be completed later this year. The Halcrow Group has also designed the international passenger terminal and control tower at Belize's airport.

The Halpern Partnership of London has collaborated with an American firm to work on a 42 storey office building in New York, the China World Trade Centre and the Mandarin Gardens in Singapore. Other projects included a redevelopment plan for Dunkirk's docklands in France and commercial buildings in Jersey (Channel Islands).

The Tuen Mun Hospital and the Pamela Youde Hospital, with 1,656 and 1,750 beds respectively,

have both been designed principally by John R. Harris and Partners in Hong Kong. In the Middle East, the firm has assisted in the design of the Ruler's Diwan in Dubai, and its offices in Oman have been commissioned to design the new Daimler-Benz car centre, British Petroleum's new offices at Mina al Fahal, an immigration building at Rumais, and two public health buildings for the World Health Organisation.

Huckle and Partners (Oman) have been operating for 14 years in Muscat and have recently completed the barracks for the Royal Guards at Muscat and Halban as well as several educational buildings. A palace is being refurbished at Salalah and a British embassy at Muscat. The firm has been commissioned to add various buildings to the Oman Technical College, which it originally designed. The firm Omrania was responsible for the design of the Gulf Cooperation Council's extensive headquarters in Riyadh, Saudi Arabia, which opened in December 1987.

Extensive work has been offered in Africa to the firm Norman and Dawbarn. It has designed a headquarters for the West African Rice Development Association in Ivory Coast and the latest phase of a hospital in Tanzania. Medical and educational facilities are under construction in Zanzibar (Tanzania), as are government buildings in Makurdi and Bauchi in Nigeria. The firm has been commissioned to study possible rehabilitation of the University of Dar es Salaam, which it first designed in the 1960s.

As well as various projects for recreation facilities, a 300-berth marina and an engineering centre for the Hong Kong Telephone Company are being designed by RMJM. The firm is also responsible for a 500 room Holiday Inn in Dalian, China. RMJM is working on a marine science and resort centre and renovation of the British ambassador's residence in Aden, People's Democratic Republic of Yemen. URS/SKFP International has undertaken a considerable amount of work in China recently, including the management of a hospital project and the design of university buildings in Shanghai and the design of a hotel in Beijing. URS/SKFP has assisted in the development of hospital facilities in Hong Kong as well, together with business complexes. In Taiwan, it has been principal consultant in development of the Royal Country Club.

The Percy Thomas Partnership has carried out work in many countries. Part of Hong Kong's City Polytechnic is now nearly completed and work is proceeding in collaboration with local consultants on the Hong Kong University of Science and Technology. Work to expand or design new British embassies in Japan, Jordan and Kuwait has been undertaken as well as work on hospitals in Egypt, Algeria and Kuwait, and tourist facilities in Egypt. The firm has maintained a growing presence in Lisbon, designing hotels and a military hospital there.

The YRM Partnership has recently completed public transport buildings in Singapore, residential accommodation for the Arabian Gulf University in Bahrain, and a teaching hospital at Sultan Qaboos University in Oman. Plans for health facilities have been commissioned for the site at Mubarak Al Kabeer in Kuwait in conjunction with a local firm. Wilson Mason and Partners Middle East supervised completion of work on a multipurpose high-rise building in Abu Dhabi and a residential building for the British Bank of the Middle East in Doha, Qatar. The firm provides assistance to the Ministry of Defence and the Armed Forces of Qatar.

Science Policy: Prime Minister's Speech at the Royal Society

In a speech at the Royal Society dinner in London on 27 September, the Prime Minister, Mrs Margaret Thatcher, stressed the Government's commitment to basic science, reaffirmed the importance of careful selection and economical management of projects, and warned of the need to take seriously the evidence that man's activities were harming the global environment.

Over 300 learned societies in Britain play an important part in the promotion of science and technology through meetings, publications and sponsorship. The most prestigious is the Royal Society, founded in 1660, which is equivalent to the national academies of science in other countries. It is the oldest such academy in the world to have enjoyed continuous existence. The Society has more than 1,000 fellows, many of whom serve on the governmental advisory councils and committees concerned with research. It is financed through a parliamentary grant and through funds from private sources.

The Importance of Science

Addressing the Society, Mrs Thatcher stressed the benefit of a scientific background, and said that science had become so important that it was right to make it a compulsory subject for all schoolchildren. Science and the pursuit of knowledge were given high priority by successful countries, not because they were a luxury which the prosperous could afford, but because experience had shown that knowledge and its effective use were vital to national prosperity and international standing. However, there were two dangerous fallacies: first, that research should be driven wholly by utilitarian considerations; and secondly, the opposite, that excellence in science could not be attained if work was undertaken for economic or other useful purposes.

The Government had made clear, she said, that the commercial development of scientific principles should mainly be the task of industry (see p 60). It was in industry's interest to pursue the research needed for its own business, collaborating with partners as necessary. It could also help academics to spot commercial applications when they arose unexpectedly during the course of more basic work. There were too many examples of British discoveries being published without patent protection, only to make money for foreign lands.

In acknowledging the importance of basic science, Mrs Thatcher said that the nation as a whole must support it through government finance. However, there were difficult choices, and she

referred to three points. First, although the economic rewards of basic science could be substantial, they were totally unpredictable. It could therefore not be judged by immediate results, although the benefits of 'curiosity driven' research could sometimes appear very quickly, as in the case of X-rays. Secondly, no nation had unlimited funds, and there was great difficulty in deciding which projects to support. Mrs. Thatcher sympathised with the view that support should be given to those teams, however small, which could demonstrate 'the intellectual flair and leadership which is driven by intense curiosity and dedication'. 'The natural desire of gifted people to excel and gain the credit for their work must be harnessed.' The value of work could not be measured by economic output, but that was no argument for lack of careful management in the way specific projects were conducted. Thirdly, despite an increase in the basic science budget of 15 per cent in real terms since 1979, Britain, like other countries, was only able to carry out a small proportion of the world's fundamental research. It was therefore very important to encourage international travel and teamwork, to help British scientists to be aware of the work going on overseas, and to have overseas people working here. Mrs Thatcher praised the work of the Royal Society in this regard: under its aegis there were 1,000 exchanges a year, in addition to the postdoctoral fellowships tenable abroad funded by the Government through the Science and Engineering Research Council.

Fellows of the Royal Society and other scientists had solved many of the world's problems. Medical research had saved millions of lives and allowed the world's population to rise. Research on agriculture had developed seeds and fertilisers sufficient to sustain that rising population, but at the same time producing pollution from nitrates and the increased production of methane. Scientific advance had given the capacity and the need to exploit fossil fuels, but with the consequent production of carbon dioxide.

Science and the Environment

For generations, Mrs Thatcher continued, it had been assumed 'that the efforts of mankind would leave the fundamental equilibrium of the world's systems and atmosphere stable. But it is possible that with all these enormous changes . . . concentrated into such a short period of time, we have unwittingly begun a massive experiment with the system of this planet itself.' Three changes in atmospheric chemistry had become subjects of concern: the suspected roles of increased levels of carbon dioxide and methane in producing a 'greenhouse' effect; of chlorofluorocarbons acting in the same way and also in depleting the ozone layer (see p 350); and of industrial emissions of nitrogen and sulphur oxides in producing harmful acid rain. Britain had already taken action (see p 247) and particular areas of research had to be identified to establish cause and effect, and the implications for wider areas of policy – for energy production, for fuel efficiency and for reforestation.

In the past effective action had followed the identification of forms of pollution, as with the great London smogs. Airborne lead had been cut by 50 per cent. The Thames was now the cleanest metropolitan estuary in the world, and £4,000 million was being spent on cleaning the Mersey basin. Even though action was expensive, it was money well and necessarily spent because the health of the economy and the health of the environment were dependent upon each other. The Government supported the concept of sustainable economic progress (see pp 305-9). Stable prosperity could be achieved throughout the world provided the environment was nurtured and safeguarded. Protecting this balance of nature was therefore one of the great challenges of the late twentieth century.

Shorter Notes

ECU TREASURY BILLS

Following an announcement by the Chancellor of the Exchequer, Mr Nigel Lawson, on 2 August, the Government has launched a programme of issues by tender of British Government ECU (European Currency Unit) Treasury Bills. The Bank of England has published an information memorandum giving details of the programme.

The Bills are similar in form to sterling Treasury Bills, but denominated and payable in ECUs, both on subscription and at maturity. They are being issued in a regular series of monthly tenders. The first was on 11 October, when maturities of one, three and six months were offered; all were oversubscribed and the ECU 900 million of Bills were allotted in full. The second tender is to take place on 8 November. In the first instance it is expected that the programme will build up to a total outstanding of some ECU 1,000-2,000 million. To promote secondary market liquidity 29 institutions have undertaken to the Bank of England to provide their support at the initial series of tenders and to act as market-makers in the Bills.

Mr Lawson said that the ECU Treasury Bill programme introduced a useful new facility. It would widen the options for managing Britain's reserves and would establish London's position as the centre of the ECU market.

Sources: Treasury press notice, 2.8.88; Bank of England press notices, 14.9.88 and 11.10.88 ; *UK Government ECU Treasury Bill Programme for Tender on a Bid-Yield Basis.* The Bank of England on behalf of the Lords Commissioners of Her Majesty's Treasury. Available free from the Bank of England, Threadneedle Street, London EC2R 8AH.

KUWAIT AND BRITISH PETROLEUM

The Director General of Fair Trading has been asked by the Secretary of State for Trade and Industry, Lord Young, to obtain undertakings from the Kuwait Investment Office (KIO) that the Kuwait Government's shareholding in British Petroleum (BP) will

be reduced to not more than 9·9 per cent of the company's issued share capital within one year. This follows a report released by the Monopolies and Mergers Commission on 4 October which found that the Government of Kuwait's present holding of 21·6 per cent of the shares may be expected to operate against the public interest. It is allowed that the one-year period for divestment should be subject to some flexibility in the light of market conditions, but the KIO has been asked not to exercise voting rights in respect of more than 9·9 per cent of BP's shares until the divestment has been completed.

The Commission considered that, as a sovereign state with wide strategic interests, Kuwait was not a typical shareholder, and a long-term conflict of interest between Kuwait and Britain might be expected to obtain in the future. When Kuwait exercised its influence through its shareholding, it could be detrimental to both BP and Britain. In its evidence to the Commission, Kuwait argued that the KIO had purchased its shareholding in BP with no other motive than as a portfolio investment, and its policy was not to interfere in the management of companies in which it held such investments. The Commission rejected the Government of Kuwait's request in the course of the inquiry (which was ordered in N ·y 1988) to retain 14·9 per cent of BP's shares after offering assurances and undertakings as to the way in which they would be used. In its view, Kuwait's shareholding had to be reduced to the recommended level in order to remove the capacity to exercise material influence, and eliminate a merger situation as defined by the provisions of the Fair Trading Act 1973.

Sources: *The Government of Kuwait and The British Petroleum Company plc: A report on the merger situation.* Monopolies and Mergers Commission. Cm 477. HMSO, £9·20. ISBN 0 10 104772 X; Department of Trade and Industry press notice, 4.10.88.

INDUSTRIAL DEVELOPMENT ACT REPORT

The annual report by the Secretaries of State for Trade and Industry, Scotland, Wales and Employment on their excercise of powers under the Industrial Development Act 1982 during the year ended 31 March 1988 has been presented to Parliament.

The report places the continuing implementation of the act in the context of the Government's White Paper *DTI – the department for Enterprise* (see pp 53-62). The new emphasis on the promotion of enterprise in British commerce and industry founded on open markets and individual initiative has meant that incentives available under the Act have been substantially revised. Previously support for large investment projects was automatically available through regional development grants to many projects which would have gone ahead anyway. These have been withdrawn. However, support will be maintained at existing levels through regional selective assistance to projects in the assisted areas (see pp 54, 59-60) and, from April 1988, through regional enterprise grants available in development areas to encourage capital investment and innovation for firms with fewer than 25 employees.

Regional development grants provided the largest element of support under the Act during the year ended 31 March 1988, which was the final date for applications. Grant payments under the original scheme totalled nearly £119 million; under the revised scheme, 11,000 projects were approved for some £400 million of assistance towards capital expenditure of £2,380 million and the expected creation of 107,000 jobs.

Regional selective assistance under section 7 of the Act is available to businesses falling into two broad categories: new projects and expansions which create additional employment, and projects for modernisation and rationalisation which safeguard existing employment. In the year ended 31 March 1988 these accounted for about £243 million in grants to 1,758 projects which safeguarded over 46,800 jobs and created more than 24,000 others.

Support under the Act by government departments and the European Regional Development Fund Specific Measures scheme was maintained during the year for areas with declining industries and related job losses, and for the Business Improvement Services which provide support packages to small firms. In 1987-88 funds were made available totalling £54 million under the Exchange Risk Guarantee Scheme, which makes use of European Coal and Steel Community funds to assist manufacturing and some service industries. Assistance continued through several other programmes, including improved services in assisted areas (£3·4 million), the English Industrial Estates Corporation (£13 million) and the acquisition and clearance of derelict lands (£59 million).

A new scheme providing assistance for exceptionally innovative projects of national importance was announced in January 1988, through which businesses could be funded either under the Act or under the Science and Technology Act 1965. The Small Firms Loan Guarantee Scheme continues (see p 318). Many schemes previously funded under the Act closed for application during the year or on 31 March 1988, and payments will continue until all grant offers have been taken up. Over the same period, offers totalling £84·6 million were made to foreign-owned companies for 85 projects for inward investment in Britain, expected to create over 8,700 jobs and safeguard more than 6,300 others.

Source: *Industrial Development Act 1982.* Annual Report by the Secretaries of State for Trade and Industry, Scotland, Wales and Employment for the year ended 31 March 1988. HMSO, £7·60. ISBN 0 10 265188 4.

OFFSHORE SUPPLIES INDUSTRY

The Government has announced the formation of the Offshore Industry Advisory Board, to advise the Department of Energy's Offshore Supplies Office on all aspects of the offshore supplies industry. Its

members will be drawn from top management in industry, commerce and the oil companies. Making this announcement, the Minister of State for Energy, Mr Peter Morrison, said that the board would be 'the principal source of high-level co-ordinated advice on the development of strategy for the offshore supply industry and represents a major commitment by government and industry to the continuing success of our North Sea suppliers both at home and abroad'.

Two of the four committees which will report to the board will be new. The first, the International Collaboration Advisory Group, will advise the Office on issues relating to the European Community and the Organisation for Economic Co-operation and Development, joint research and development programmes with overseas partners, and joint exploitation of export markets. It reflects the increased resources which the Office has committed to helping companies develop contacts overseas. The second, the Offshore Industry Export Advisory Group, will advise on the export of British North Sea technical expertise, which the Government regards as crucial to the future of the offshore supplies industry.

The two other committees are the Offshore Energy Technology Board, which will advise on the implementation of research and development, and the Oil Industry Liaison Committee, which will continue to advise on oil and gas activities on the United Kingdom Continental Shelf.

Source: Department of Energy press notice, 21.9.88.

COMPANIES HOUSE

The Secretary of State for Trade and Industry, Lord Young, announced in Cardiff on 3 October that Companies House would become his department's first executive agency, a measure which will allow the Companies Registration Offices in Britain a greater degree of independence than they have previously enjoyed. Lord Young stated that Companies House was in the forefront of the Government's efforts to improve the quality of service provided to customers and give better value for money. He expected that it would show a 10 per cent rise in productivity by 1990-91, and that it would make further major improvements to services in future.

This change in status for Companies House is in keeping with the Government's announced intention to implement a report into the organisation and efficiency of the Civil Service published in February (see pp 261-2) which recommended the establishment of executive agencies. A guiding document has been issued to Companies House's management which sets out its relationship to government and the powers and responsibilities it will have. Lord Young said that he had appointed a steering board, which includes members from the private sector, to advise his department on the priorities and annual corporate plan of Companies House, and to monitor its performance.

Companies House, through its registration offices in Cardiff, London and Edinburgh, administers the system of registration, auditing and annual returns for one million live companies in Britain, and handles in excess of 80,000 searches relating to these companies each week. It will continue as part of the Department of Trade and Industry, and its staff as civil servants, although personnel management will devolve increasingly onto Companies House itself.

Source: Department of Trade and Industry press notice, 3.10.88.

PROFESSIONAL AND EXECUTIVE RECRUITMENT

The completion of the sale of Professional and Executive Recruitment (PER) to Pergamon Professional and Financial Services PLC for £6 million was announced by the Secretary of State for Employment, Mr Norman Fowler, on 8 September. PER, part of the Employment Service, provides special consultancy and advertising recruitment services to employers looking for professional and executive level staff. It operates in Great Britain from a network of 32 offices with some 250 staff. Its comprehensive recruitment service is based on a weekly jobs newspaper which is issued to enrolled job-seekers, for whom the Secretary of State for Employment, Mr Norman Fowler, on 8 September. PER, part of the Employment Service, provides special consultancy and advertising recruitment services to employers looking for professional and executive level staff. It operates in Great Britain from a network of 32 offices with some 250 staff. Its comprehensive recruitment service is based on a weekly jobs newspaper which is issued to enrolled job-seekers, for whom the service is free.

The Government's intention to sell PER had been announced in March 1988. Mr Fowler said that there had been substantial interest in the sale which represented the first privatisation involving a 'mainstream' Civil Service activity. PER would now have 'the opportunity to realise its commercial potential, free from the restrictions under which it has operated as part of Government.'

Source: Department of Employment press notice, 8.9.88.

SOCIAL AND CULTURAL AFFAIRS

Environmental Pollution

The Government has announced its response to the second report of the Stratospheric Ozone Review Group; the first report of a review group on the effects of acid deposition on crops, trees and natural vegetation in Britain has also been published. The Government is to carry out research into the impact of pollution on seals, and has laid before Parliament regulations on the transfrontier shipment of hazardous wastes and the discharge of garbage from ships.

THE OZONE LAYER

Announcing on 3 October the Government's response to the second report of the Stratospheric Ozone Review Group[1] (see p 247), the Minister of State for the Environment, Lord Caithness, called for further worldwide reductions in emissions of chlorofluorocarbons (CFCs) as a matter of urgency. He said that the Government accepted the firm evidence of the report that chlorine in the stratosphere must be stabilised in order to prevent further depletion of the ozone layer. Emissions of CFCs had to be reduced by at least 85 per cent, and as soon as possible in the light of available substitutes, alternative technologies and the essential needs of industry.

The report warns that in the absence of other changes, the Antarctic ozone hole will continue to appear each year until stratospheric chlorine levels fall to those of the mid-1970s; even if no more man-made chlorine were to be released into the atmosphere, this would take many decades. Models predict that, even with lower CFC emissions assumed to result from the Montreal Protocol (see p 247), chlorine in the stratosphere would double over the next 50 years. The Protocol provides for the production and consumption of CFCs to be reduced by 50 per cent in three stages by 1999, and is due to come into force on 1 January 1989. Britain has completed the necessary formalities and will ratify the Protocol simultaneously with the European Community as soon as the other member states are ready.

Lord Caithness said that in order to accelerate action the international community should consider bringing forward the timing of the 20 per cent and 30 per cent cuts already provided for in the Protocol. He would also like to see the first review of the Montreal measures speeded up so that work could be completed in 1989 rather than in 1990. He was confident that British industry, which had already responded positively, would continue to take a lead in finding ways to reduce dependence on ozone-depleting chemicals.

In a speech to the Royal Society on 27 September (see pp 346-7), the Prime Minister, Mrs Margaret Thatcher, drew particular attention to the global problem of the depletion of the ozone layer, and to environmental pollution in general, stressing the importance of scientific research and action to protect the balance of nature. While such action was costly, she believed it to be money well and necessarily spent because the health of the economy and the health of the environment were 'totally dependent upon each other'; the Government was committed to the concept of sustainable economic development (see pp 305-9).

ACID RAIN AND THE TERRESTRIAL ENVIRONMENT

The first report of the United Kingdom Terrestrial Effects Review Group, on the effects of acid deposition on crops, trees and natural vegetation in Britain, was published on 15 September.[1] Among its conclusions are:

1 that major agricultural crops in Britain are unlikely to be damaged directly by current rural concentrations of sulphur dioxide and nitrogen oxides, but that in most summers concentrations of ozone occurring in some areas of south-east England are likely to reduce yields of sensitive crops;

2 that there is as yet no direct proof of forest decline related to pollution in Britain, but that some forests are subjected to pollution climates which may be expected to cause stress;

3 that few data exist on the impact of air pollutants on natural vegetation; blanket bogs have been damaged by deposition of sulphur and nitrogen, and in view of the amenity value of the relatively large areas of other natural vegetation, such as moorlands and heath in Britain, there is a need to extend air pollution research in this area;

4 that it has become increasingly evident that acid deposition is accelerating acidification of some soils, and that changes in soil biology may result, which could alter plant nutrition and change the

[1] *UK Stratospheric Ozone Review Group. Second Report.* HMSO, £9·50. ISBN 0 11 752148 5.

[1] *The Effects of Acid Deposition on the Terrestrial Environment in the United Kingdom.* United Kingdom Terrestrial Effects Review Group. First Report. HMSO, £11·95. ISBN 0 11 752029 2.

chemistry and biology of freshwaters; the report says that this area should be a high priority for future British research;

5 that the responses of plants to pollutants are complex and likely to be influenced by other stresses; the report says it is essential that research aimed at understanding basic mechanisms by which pollutants affect plants be maintained.

The United Kingdom Terrestrial Effects Review Group was established by the Department of the Environment in 1984 to review the direct and indirect effects of acidic deposition on terrestrial ecosystems with particular regard to the conditions prevailing within Britain. It is one of a number of such groups set up to examine key aspects of the 'acid rain' problem. The United Kingdom Review Group on Acid Rain has published two reports, of which the most recent was in 1987 (see pp 280-1, 1987).

SEAL DISEASE AND POLLUTION

The Government is to carry out research into the impact of pollution on seals. It has commissioned the Sea Mammal Research Unit at Cambridge (a unit of the Natural Environment Research Council) to mark and analyse samples from a group of seals and follow their feeding movements, in order to establish how and where seals pick up harmful pollutants in the sea. The study is being funded from an additional £500,000 which the Department of the Environment is spending in 1988-89 on North Sea research, following agreement on a series of measures at the second International Conference on the Protection of the North Sea (see pp 417-18, 1987).

It was confirmed in late August that the epidemic of seal deaths, which has killed 11,000 seals in the eastern North Sea since April, had spread to Britain's shores. About 700 deaths have been reported out of a British population of 125,000 common and grey seals. The cause of the disease has been identified as canine distemper virus, but there has been some speculation that pollutants such as polychlorinated biphenyls (PCBs) may be a contributory factor. Results of tests carried out by the Ministry of Agriculture, Fisheries and Food into tissue samples from a number of seals found dead in the Wash show that PCB concentrations are much lower than in seals from the Wadden Sea and the Baltic Sea.

Announcing the study on 22 August, the Parliamentary Under-Secretary of State for the Environment, Mrs Virginia Bottomley, said that Britain was strongly committed to the protection of the marine environment, as illustrated by its early implementation of the measures agreed at the second North Sea Conference. The Government shared the widespread concern at the death of the seals, and although present scientific evidence suggested that the disease was caused by natural viruses, it had decided that there should be further urgent studies to establish how far seals might be affected by man-made changes to the environment.

It was announced on 15 September that the Government is to contribute £35,000 to extend the study with a further research project which will look specifically at whether particular persistent organic pollutants can have an effect on the immune system of seals, and represents the first stage of a proposed international project by the Sea Mammal Research Unit.

The Government spends £7 million a year on North Sea research. Within this figure the Natural Environment Research Council is undertaking a £10·6 million project over five years developing a predictive model of physical, chemical and biological processes in the North Sea.

WASTE DISPOSAL

The Department of the Environment announced on 15 September that regulations have been laid before Parliament to implement the European Community Directives on the Transfrontier Shipment of Hazardous Wastes (see p 331, 1986) and bring them into effect on 14 November. Under the regulations, which cover the import, export and transit of hazardous wastes in Community states, the relevant disposal authority must be notified in advance of the content and characteristics of the waste, and the facility which is to dispose of it must be identified. The disposal authority may object and stop shipment if it considers that the transport or disposal of the waste would not meet the legal requirements for handling the waste. Hazardous wastes may not be sent to a non-Community country without prior consent, and the Secretary of State for the Environment can stop the shipment from Britain if the waste cannot be disposed of in that country without risk to human health or the environment.

The Transfrontier Shipment of Hazardous Waste Regulations largely replace and strengthen present controls under the Control of Pollution (Special Waste) Regulations 1980. Hazardous wastes are defined in the European Community directives as polychlorinated biphenyls and toxic and dangerous substances (excluding chlorinated and organic solvents) which constitute a risk to health or the environment.

New regulations were also announced by the Department of Transport on 22 September governing the discharge of garbage from ships; the purpose of the regulations, which will come into effect on 31 December, is to prevent pollution by the disposal of garbage at sea, including all kinds of foods, domestic and operational waste generated during the normal operation of a ship. No plastics such as synthetic ropes, synthetic fishing nets and plastic garbage bags may be discharged into the sea, and other forms of garbage may only be discharged under strictly controlled conditions. The new regulations have been agreed by the International Maritime Organisation and will apply to British and all foreign ships in British waters.

Shorter Notes

ENTERPRISE AND EDUCATION INITIATIVE

On 28 September the Secretary of State for Trade and Industry, Lord Young, launched the Enterprise

and Education Initiative, which aims to give every schoolchild work experience, and more teachers experience of business (see p 58, 1988). Under the initiative the Government aims to provide two or more weeks' work experience in normal school hours for all children before they leave school, and business experience for one in ten teachers each year. Lord Young told employers and educationists that the Department of Trade and Industry would be funding a nationwide network of advisers to help firms and schools provide business experience places. A hundred and forty advisers were being chosen to market the scheme to companies throughout the country and to get them to pledge places. Forty had been appointed so far from backgrounds in education and industry, and the rest were expected to be chosen shortly.

Existing programmes of placements already provide schoolchildren with work experience; this initiative will provide many more places for them. Work experience can take several forms: these include final year pupils doing similar jobs to regular employees; work shadowing of individuals doing daily jobs; work observation with individuals or groups being guided around workplaces; work-based projects on employers' premises; and work-place visits. A recent pilot programme giving 300 teachers experience of business is being examined with a view to expanding the programme nationwide in early 1989. It is expected that the teacher placements, which should be open to all teachers, would last for at least two weeks, although length and timing would depend on local circumstance.

The Department of Trade and Industry will spend £12 million over two years (1988/89 and 1989/90) to pump-prime the initiative, including £5·3 million to fund at least one adviser in every local education authority area in England, Scotland and Wales. The remaining £6·7 million is to support the teacher placement programme, enterprise awareness in teacher education and the development of some existing activities, providing partnerships between employers and education.

Source: Department of Trade and Industry press notice, 28.9.88.

NEW INTERNATIONAL AWARD ASSOCIATION

A new international body – the Duke of Edinburgh's Award International Association – has been formed to protect the long-term integrity of the Duke of Edinburgh's Award Scheme as it expands worldwide.

This scheme, which started in Britain in 1956, now operates under a variety of titles in 48 overseas countries, through bodies such as local authorities, schools, youth organisations and industrial firms. It gives young people between the ages of 14 and 25 the opportunity to take part in a programme of challenging activities in four areas: community service, expeditions, the development of personal interests and social and practical skills, and physical recreation. There are three levels of award: gold, silver and bronze. Since the scheme started more than two million young people have taken part in it. Some 275,000 young people participate each year: 200,000 in Britain and over 75,000 in the 48 overseas countries operating the award or a similar programme. There has been a steady growth in the number of countries participating, with each country adapting the content of the scheme to suit its needs and culture while retaining the same fundamental structure, aims and philosophy. In addition to Commonwealth countries, those taking part include the Irish Republic, Jordan, Mauritius, Portugal, and Bahrain where a pilot programme is in operation.

The new Association – the International Award Association for short – will be registered with the United Nations and other international agencies and will link together, through an international constitution, all national award authorities throughout the world with an agreed set of principles, operating standards and codes of conduct. Each national award authority will retain the right to choose its own national title and to operate independently. Any country wishing to start the scheme will in future have to design its scheme, operate it within the Association's rules and guidelines and apply for membership. In this way the long-term integrity of the Award Scheme will be protected and remain intact, responsive to change but protected from any pressure groupings, alien philosophies or political misuse. The new International Award Association will be funded by an international award fellowship, whose purpose will be to provide funds to meet further international co-ordination, training, development and extension.

Sources: Central Office of Information press notice, 12.9.88; *Award World* (the journal of the Duke of Edinburgh's Award Scheme), No 27, Issue 2, 1988 (distributed free in countries operating the Award programme).

[For further information on the Award Scheme, see *The Youth Service in Britain*, COI, No 271/86.]

DOCUMENTATION

Government and Administration

The Monarchy in Britain. COI, No 102/88.

The Monarchy. COI, No 68/88.

Chequers. COI, No 147/88.

The Regulation of Charitable Appeals in England and Wales: A Consultation Paper. This paper has been drawn up to take forward a recommendation in Sir Philip Woodfield's report, *Efficiency Scrutiny of the Supervision of Charities* (published in 1987 by HMSO, £5·50, ISBN 0 11 340856 0) in advance of the publication in early 1989 of a Government White Paper setting out proposals for wider reform of charity law. The consultation paper discusses the anomalies in the present primary legislation and in the regulations governing house to house and street collections, and the case for introducing a regulatory framework for modern forms of fundraising, such as telephone and media appeals, which are not at present covered by specific legislation. It also considers proposals for measures to curb the activities of unscrupulous professional fundraisers. Available free from the Voluntary Services Unit, Home Office, Queen Anne's Gate, London SW1H 9AT. ISBN 0 86252 364 8.

Human Rights in the United Kingdom. COI, No 221/88.

Parole Board for Scotland. Report for 1987. HMSO, £4. ISBN 0 10 264688 0.

External Affairs and Defence

Developments in the European Community January-June 1988. HMSO, £5·90. ISBN 0 10 728238 3.

British Indian Ocean Territory: The Chagos Archipelago. COI, No 186/88.

Britain's Overseas Aid in 1987. (Reproduced from *Survey of Current Affairs.*) COI, No 247/88.

Economic and Scientific Affairs

United Kingdom National Accounts 1988 Edition. (An article summarising the National Accounts 'Blue Book' will appear in the November issue of the *Survey of Current Affairs.*) Central Statistical Office. HMSO, £11·95. ISBN 0 11 620295 5.

Financial Statement 1988-89: Together with Outturn Statements of Revenue and Expenditure for 1987-88. Department of Finance and Personnel for Northern Ireland. HMSO, £2·80. ISBN 0 337 23500 7.

UK Government ECU Treasury Bill Programme for Tender on a Bid-Yield Basis (see p 347). The Bank of England on behalf of the Lords Commissioners of Her Majesty's Treasury. Available free from the Bank of England, Threadneedle Street, London EC2R 8AH.

British Overseas Trade Board. Report 1987/88. Available free from Department of Trade and Industry South East, Bridge House, 88 Eccleston Square, London SW1V 1PT.

New Training Initiatives 3: Inner Cities. A report, based on a review of schemes in Birmingham, Newcastle upon Tyne, London and Glasgow, which looks at the outcome of training projects set up by the Department of Education and Science's 'Pickup' updating skills programme, the Training Commission (now an executive agency of the Department of Employment) and other bodies. Available unpriced from the Adult Training Promotions Unit, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

The Government of Kuwait and The British Petroleum Company plc: A Report on the merger situation (see p 347). Monopolies and Mergers Commission. Cm 477. HMSO, £9·20. ISBN 0 10 104772 X.

Industrial Development Act 1982. Annual Report by the Secretaries of State for Trade and Industry, Scotland, Wales and Employment for the year ended 31 March 1988 (see p 348). HMSO, £7·60. ISBN 0 10 265188 4.

Construction Forecasts 1988-1989-1990. A report by the Joint Forecasting Committee for the Construction Industries. National Economic Development Office (NEDO). Report forecasts sustained growth for the construction industry, although a slackening by 1990. Available from NEDO, Millbank Tower, Millbank, London SW1P 4QX. £20.

The Association of Consulting Engineers. Overseas work entrusted to Members during 1987 (see p 343). Available from the Association of Consulting Engineers, Alliance House, 12 Caxton Street, London SW1H 0QL. £40.

British Tourist Authority. Annual Report for the Year Ended 31 March 1988. Gives details of the Authority's work over the past year, both in the development of tourism as an industry within Britain and in encouraging visitors from abroad. The report notes that tourism in 1987-88 achieved many new records (see pp 277-8). Available from the British Tourist Authority, Thames Tower, Black's Road, London W6 9EL. £5.

Information on the Status of Salmon Stocks. First report of the Salmon Advisory Committee, making a number of recommendations to improve the quality and availability of the data on stocks. Available from the Ministry of Agriculture, Fisheries and Food (Publications Unit), Lion House, Willowburn Trading Estate, Alnwick, Northumberland NE66 2DF. £3.

Natural Regeneration of Broadleaves, by J. Evans (Forestry Commission Bulletin 78). HMSO, £3. ISBN 0 11 710263 6.

Farm Woodland Planning, edited by H. Insley (Forestry Commission Bulletin 80). HMSO, £6·95. ISBN 0 11 710266 0.

Farm Woodland Practice, edited by B. G. Hibberd (Forestry Commission Handbook 3). HMSO, £7·50. ISBN 0 11 710265 2.

Central Electricity Generating Board. Annual Report and Accounts 1987-88. Available from the CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU. £2. ISBN 0 902543 86 5.

South of Scotland Electricity Board. Report and Accounts 1987-88. Available from the SSEB, Cathcart House, Spean Street, Glasgow G44 4BE. £2·50.

North of Scotland Hydro-Electric Board. Report and Accounts 1987-88. Available unpriced from the NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE.

The Piper Alpha Technical Investigation: Interim Report (see p 320). Describes the Piper Alpha installation, the events leading up to the accident and subsequent actions. It also sets out the Director of Safety's preliminary findings on the accident's most likely cause and outlines further areas of work necessary to verify and evaluate more thoroughly the information obtained so far. Available from the Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ. £11.

Airline Competition: Computer Reservation Systems. Third Report of the House of Commons Transport Committee, Session 1987-88.

Vol 1. Report, Minutes of Proceedings and Appendices. HMSO, £8·20. ISBN 0 10 020188 1.

Vol 2. Minutes of Evidence. HMSO, £12·70. ISBN 0 10 020278 0.

Casualties to Vessels and Accidents to Men: Vessels registered in the United Kingdom: Return for 1986. Department of Transport. HMSO, £6. ISBN 0 11 550845 7.

Institute of Animal Physiology and Genetics Research: Report for 1986 and 1987. Details the Institute's activities since its foundation in 1986 as one of the eight research institutes of the Agricultural and Food Research Council. Available from the Institute at its Cambridge Research Station, Babraham, Cambridge CB2 4AT. £6. ISBN 0 7084 0481 2.

The Effects of Acid Deposition on the Terrestrial Environment in the United Kingdom (see p 350). United Kingdom Terrestrial Effects Review Group. First Report. HMSO, £11·95. ISBN 0 11 752029 2.

UK Stratospheric Ozone Review Group Second Report (see p 350). HMSO, £9·50. ISBN 0 11 752148 5.

Social and Cultural Affairs

OPCS surveys of disability in Great Britain: Report 1: The prevalence of disability among adults, by Jean Martin, Howard Meltzer and David Elliott. This report presents the first results from four separate surveys carried out by the OPCS between 1985 and 1988 which together form the most comprehensive series of national surveys undertaken among people with disabilities in Great Britain. Report 1 describes the concepts and methods used for the whole series and presents estimates of the prevalence of disability among adults both in private households and in communal establishments according to the degree of severity and type of disability. Unlike the last national survey which took place in 1969 and covered only adults with physical handicaps and impairments living in private households, these surveys cover children and people living in communal establishments, and people with all types of disabilities, including those caused by mental illness and mental handicap. The remaining five reports are to be published by mid-1989. Office of Population Censuses and Surveys. HMSO, £10·70. ISBN 0 11 691229 4.

Developments in Records of Achievement 1986-88. A report by HM Inspectors on a sample of 20 secondary schools taking part in pilot schemes to investigate the feasibility of providing all school leavers in England and Wales with a written record of their school achievements and performance (see p 333, 1984). According to the report, schools and local education authorities are making increasing use of records of achievement, and the government initiative has promoted better and wider assessments; encouraged schools to change their curricula; enabled better relations to develop between pupils and teachers; and encouraged pupils to take a more positive part in their learning. Few schools, however, have been able to make progress on all aspects of the initiative in its short existence. Avail-

able free from the Department of Education and Science, Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

The Right to Buy: a National Survey of Tenants and Buyers of Council Homes, by Marion Kerr. The first national survey of 'Right to Buy' sales in England reports that two-thirds of tenants who bought their homes under the Right to Buy policy (introduced in the Housing Act 1980) had not expected to be able to own their homes before the introduction of the scheme. Some 1·26 million local authority, new town and housing association houses and flats are estimated to have been sold in Great Britain between April 1979 and the end of June 1988; 909,000 of these sales were under the Right to Buy arrangements. Department of the Environment. HMSO, £6·95. ISBN 0 11 752132 9.

Annual subscription including indices and postage £24
Dd 8844824 C7 OCTOBER/1988
ISBN 0 11 701382 X Vol. 18 No. 10
ISSN 0039—6214